



**U.S. Department of Justice**



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**ROCKFORD MAN PLEADS GUILTY TO \$4 MILLION PONZI SCHEME**

Rockford — a Rockford man pled guilty today in federal court before U.S. District Judge Philip G. Reinhard to mail fraud. The defendant, James Pantazelos, 63, of Rockford, admitted to operating a “Ponzi” type scheme in which he defrauded investors out of more than \$4 million. The fraud occurred from May 2007 through December 2010.

According to the written plea agreement, Pantazelos was the owner and CEO of an entity known as Destiny’s Partners, Inc. Pantazelos admitted that he and his associates invited individuals to attend conferences to learn about investment opportunities with Destiny’s Partners. These conferences were held at various locations in the United States, including Milwaukee, Dallas, and San Diego. Pantazelos and his associates told the potential investors that Destiny’s Partners placed its investors’ funds in “Private Investment Trading Platforms” which traded bank notes in foreign markets. Pantazelos also claimed that Destiny’s Partners donated a substantial portion of its profits to charitable and humanitarian causes. In addition, Pantazelos promised the investors that their funds would be safe, because the investments would be deposited into and kept in an escrow account. Pantazelos guaranteed the investors would receive their principal investment back, and offered the investors a variety of investment “options,” for periods ranging from 90 to 365 days, promising returns of up to 200%. As Pantazelos admitted in his plea agreement, all of his representations to the investors were false.

Instead of investing the funds as promised, Pantazelos used most of the investors' funds to pay for his own personal expenses, including purchasing homes for family members, remodeling a family member's home, purchasing expensive automobiles for himself and family members, and attempting to open a restaurant that was to be known as "Jimmy P's." Further, Pantazelos used some of the funds received by Destiny's Partners from newer investors to make *Ponzi*-type payments to some of the prior investors, deceiving these investors into believing that their investments had been successful. Pantazelos then used these prior investors who received *Ponzi*-type payments to recruit additional investors for Destiny's Partners.

Pantazelos admitted that when the investment terms expired he failed to pay the investors the promised rates of return and failed to return their principal to them. In order to conceal his fraud, Pantazelos made false statements to the investors about why he could not pay them, such as that the United States government had frozen funds coming in to Destiny's Partners from foreign countries. According to the plea agreement, Pantazelos knew these excuses were false and that the reason he could not repay the investors was that he had spent the majority of their funds on his own personal expenses and making *Ponzi*-type payments to other investors.

In order to further conceal his fraudulent scheme, defendant repeatedly told the investors that funds were about to be released to Destiny's Partners and he would be able to repay the investors in the near future. Pantazelos admitted that during the course of his scheme he received approximately \$4,294,930 from the investors, and returned approximately \$872,262.50 in ponzi-type payments to some of these investors.

Mail fraud carries a maximum penalty of 20 years in prison, and a \$250,000 maximum fine, or an alternate fine totaling twice the loss or twice the gain, whichever is greater. Pantazelos will also be required to pay restitution to the victims of his crime. The actual sentence will be determined by the United States District Court, guided by the advisory United States Sentencing

Guidelines. Sentencing has been set for December 13, 2012, at 9:00 a.m.

The Financial Fraud Enforcement Task Force includes representatives from a broad range of federal agencies, regulatory authorities, inspectors general, and state and local law enforcement who, working together, bring to bear a powerful array of criminal and civil enforcement resources. The task force is working to improve efforts across the federal executive branch, and with state and local partners, to investigate and prosecute significant financial crimes, ensure just and effective punishment for those who perpetrate financial crimes, combat discrimination in the lending and financial markets, and recover proceeds for victims of financial crimes. For more information on the task force, visit: [www.StopFraud.gov](http://www.StopFraud.gov).

The guilty plea was announced today by Gary S. Shapiro, Acting United States Attorney for the Northern District of Illinois; Thomas P. Brady, Postal Inspector-in-Charge of the Chicago Division of the United States Postal Inspection Service; Steven L. Haugen, Director of the Chicago Region of the U.S. Department of Labor - Employee Benefits Security Administration; and Jesse White, Illinois Secretary of State.

The government is represented by Assistant U.S. Attorney Scott A. Verseman.

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